

CONSOLIDATED STATEMENT OF
SOURCE AND APPLICATION OF FUNDS

For the six months ended December 31, 1970
(Interim statement subject to audit)
(with 1969 figures for comparison)

	<u>1970</u>	<u>1969</u>
Source of Funds:		
Provided from operations .	\$ 590,517	\$ 572,365
Proceeds from sale of sub- sidiary (less working cap- ital thereof at date of sale) — (see note)	787,609	—
Sales of marketable secur- ities	790,598	1,485,777
Decrease in agreements re- ceivable	84,600	108,374
Increase in minority interest	2,187	13,226
	<u>2,255,511</u>	<u>2,179,742</u>
Application of Funds:		
Purchases of investments .	3,694,694	1,080,747
Decrease in long-term lia- bilities	43,565	205,886
Property, plant and equip- ment	36,270	42,130
	<u>3,774,529</u>	<u>1,328,763</u>
Increase (Decrease) in working capital	<u><u>\$(1,519,018)</u></u>	<u><u>\$ 850,979</u></u>



Newconex Holdings Limited

Interim Report

to the Shareholders

for the six months ended Dec. 31, 1970

POSTAL ADDRESS
P.O. Box 40, TORONTO-DOMINION CENTRE
TORONTO 1, ONTARIO

NEWCONEX HOLDINGS LIMITED

We are pleased to present this interim report on the affairs of your Company. Included herein is a summary of the financial figures, together with the comparative figures for the corresponding period of the previous year.

As at December 31, 1970, the net value of the Company's assets, including marketable securities at market values, amounted to \$17,771,105 or \$8.55 per share, which compares with \$7.34 per share as at the last fiscal year end, June 30, 1970.

Dec. 31, 1969: \$17,923,000 or \$8.62/sh.

The Company sold, as of June 30, 1970, its interest in its subsidiary, Pacific Truck & Trailer Manufacturing Ltd., and, consequently, the Consolidated Statement of Income for the six months ended December 31, 1970 does not include any operating income from that source. The gain on the sale of the shares, excluding the portion of the sale price retained by the purchaser to cover guarantees of the vendors with respect to the financial statements of Pacific Truck, is included in the statement of income for the current period under the caption — realized appreciation on investments.

As previously announced, the exploration agreement between your Company and Newconex Canadian Exploration Ltd., a subsidiary of Consolidated Gold Fields Ltd., will not be extended past December 31, 1971. This agreement was entered into in 1962 and gave your Company the right to purchase the interest held by the Exploration Company in any exploration project commenced by that company, subject to 12 months right of termination of the agreement by either party. The Exploration Company has now exercised this right, but your Company retains its right under the agreement to purchase the interest held by the Exploration Company in any exploration project commenced by it prior to January 1, 1972. Consolidated Gold Fields continues to be the majority shareholder of Newconex Holdings Limited.

Your Company is considering plans for direct participation in general exploration work in the future. Such a program may include outside partners, which would allow exploration on a more extensive scale than that carried out by the Gold Fields Group in Canada in the past.

W. A. Robinson,
President.

Toronto, Canada,
January 25, 1971.

NEWCONEX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF INCOME

For the six months ended December 31, 1970

(Interim statement subject to audit)

(with 1969 figures for comparison)

	1970	1969
Income from investments and operations (see note)	\$1,065,456	\$ 992,366
Administration, technical and general expense	207,998	179,190
Write-down of trading securities to market value	122,236	58,156
	<u>330,234</u>	<u>237,346</u>
Income before income taxes	735,222	755,020
Provision for income taxes	304,656	314,831
	<u>430,566</u>	<u>440,189</u>
Minority interest in earnings of subsidiaries	29,555	43,606
Net income before realized appreciation on investments	401,011	396,583
Realized appreciation on investments	977,426	126,536
Net income for six months	<u>\$1,378,437</u>	<u>\$ 523,119</u>
Earnings per share:		
Net income before realized appreciation on investments	19.3¢	19.1¢
Net income for six months	<u>66.3¢</u>	<u>25.2¢</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the six months ended December 31, 1970

(Interim statement subject to audit)

(with 1969 figures for comparison)

	1970	1969
Retained earnings beginning of period	\$4,954,686	\$4,520,038
Net income for the six months	1,378,437	523,119
Retained earnings end of period	<u>\$6,333,123</u>	<u>\$5,043,157</u>

Note: Sales of industrial subsidiaries for the six months ended December 31, 1970 were \$5,323,699 (1969: \$6,131,894). 1969 figures include sales of Pacific Truck & Trailer Mfg. Ltd., which company was sold as of June 30, 1970. The gain recorded to date on the sale of this subsidiary is \$810,814, which is included in realized appreciation on investments. This gain does not include an amount of approximately \$340,000 temporarily retained by the purchaser to cover certain warranties contained in the sale agreement.